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DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s

Report of the Secretary-General

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I. INTRODUCTION

1. The prime objective of the Programme of Action for the Least Developed Countries for the 1990s 1/ is to arrest the further deterioration in the socio-economic situation of the least developed countries (LDCs), to reactivate and accelerate their growth and development and, in the process, to set them on the path of sustained growth and development. In its resolution 46/156 of 19 December 1991, the General Assembly, reaffirming the basic principles outlined in the Programme of Action as the basis for action by the LDCs and their development partners to promote fundamental, growth-oriented transformation of the economies of those countries, called upon all Governments, international and multilateral organizations, financial institutions and development funds, the organs, organizations and programmes of the United Nations system and all other organizations concerned to take concrete measures to fully implement the Programme of Action as a matter of urgency. Moreover, in its resolution 47/173 of 22 December 1992, entitled "Implications of the application of the new criteria for identifying the least developed countries in the implementation of the Programme of Action for the Least Developed Countries for the 1990s", the Assembly, inter alia, reaffirmed that the Programme of Action should be implemented fully, effectively and on a timely basis by all parties, and that a significant and substantial increase in the aggregate level of external support should be made available to the LDCs, taking into account those countries recently added to the list of the LDCs.

2. In each of the above-mentioned resolutions, the General Assembly requested the Secretary-General to submit to the Assembly at its forty-eighth session a report on its implementation. In its resolution 46/156, the Assembly also requested the Secretary-General to report, on a continuing basis, on the implementation of the provisions of the Programme of Action. The present report has been prepared by the secretariat of the United Nations Conference on Trade and Development (UNCTAD) in response to these requests, and covers the period up to the end of June 1993. It examines the various elements of the implementation of the Programme of Action, with special attention given to the outcome of the third annual review of the Programme of Action undertaken by the Trade and Development Board in March 1993. Sections II, III and IV of this report draw on the 1992 report on the LDCs presented to the Trade and Development Board for that review. 2/ The present report ends with a discussion of preparations for the mid-term review of the Programme of Action, to be held in 1995.

II. RECENT ECONOMIC PERFORMANCE AND POLICY DEVELOPMENTS IN THE LEAST DEVELOPED COUNTRIES

3. The General Assembly, in its resolution 47/173, reaffirmed that all LDCs should continue to enhance the implementation of national policies and measures in line with the Programme of Action. Most LDCs have in fact made substantial efforts to reorient their macroeconomic and sectoral policies with a view to creating a favourable environment and sound basis for sustained growth and development. They have also taken steps to expand and modernize their economic base, promote popular participation in the development process, and enhance human and institutional capacities, as recommended in the Programme of Action. Indeed, the LDCs' drive towards policy reform is one of the most striking

aspects of the implementation of the Programme of Action so far. However, two contradictory trends in the development process of the LDCs can be distinguished in this regard. While the drive towards reform has continued to gather momentum in a growing number of countries, it is faltering in certain others.

A. Recent economic performance

4. For the LDCs as a whole there has been economic stagnation and a fall in per capita income since 1990, with negative to zero real growth in overall gross domestic product (GDP) in 1991 and 1992. Population growth continues to outpace rise in output. A slight recovery in growth has been forecast for 1993, overall GDP being projected to increase at a rate of 1.4 per cent. This still implies a continuing decline in per capita income for the LDCs as a group. While the economies of most of the Asian and Pacific LDCs are estimated to have expanded, albeit at a modest rate (around 1 per cent annually on average), in many African LDCs there has been a decline in performance. A number of factors, both external and domestic, have contributed to this generally poor performance.

5. As regards the external environment, unexpected adverse changes in the global economic situation since the adoption of the Programme of Action in 1990 have seriously impeded the ability of most LDCs to make the contribution to its implementation expected of them. Indeed, developments have been in sharp contrast to the expectations prevailing when the Programme of Action was adopted, namely, that the current decade would usher in a period of stable expansion in world output and trade that would contribute to an increased flow of resources to LDCs and improve their trading opportunities. Global recession has since set in and had widespread adverse effects on the LDCs: world prices of their major export products have declined further, resulting in stagnating or declining export revenues for many of them; private remittances, which are a major source of foreign exchange in several LDCs, have fallen owing to reduced employment opportunities for migrants in both developed and developing countries; and official development assistance (ODA) and other external financial flows to the LDCs contracted in 1991, while the outlook for a resumption in ODA growth has become clouded by growing budgetary constraints in donor countries and the increasing competition for aid. Moreover, a number of LDCs that have had extensive aid and trade ties with the former Council for Mutual Economic Assistance (CMEA) countries now face loss of export markets as well as of financial and technical assistance from these sources.

6. The general picture of economic malaise and stagnation in the LDCs conceals a wide variety in individual country performances. Some countries have shown strong resilience with respect to the adverse external factors referred to above; in some cases, they could better cope with the consequences of unfavourable weather conditions. LDCs such as Botswana, Lesotho and Maldives were able to maintain strong growth during the first two years of the present decade. In yet other countries, such as Nepal, Bangladesh and Uganda, there have been signs of renewed, although as yet fragile, growth. More than one third of the LDCs achieved positive growth rates in real terms in per capita GDP in the 1980s and early 1990s.

7. In contrast, political instability and recurring natural calamities (such as drought, floods and cyclones) have adversely affected economic developments in other countries. In yet others, the development process has come to a virtual standstill owing to civil strife and military conflict, which have also taken their heavy toll in human lives. Many LDCs, both in Africa and Asia, continue to be seriously affected by the problems of refugees and internally displaced persons. A fundamental prerequisite for restarting reform and growth in the strife-torn countries is the resolution of political conflicts and the re-establishment of peace and stability.

B. Policy developments and issues

8. The pace and scale of LDCs' economic reform efforts have varied. Most of them have over the recent past launched policy reforms, whether under internationally agreed frameworks for structural and sectoral adjustment or other, similar reform programmes. Since the adoption of the Programme of Action, half of the LDCs have drawn on the Structural Adjustment Facility (SAF) and/or the Enhanced Structural Adjustment Facility (ESAF) of the International Monetary Fund (IMF); 17 such arrangements with LDCs were in force at the end of May 1993. However, while the reform process has been disrupted in some LDCs and is less comprehensive in others, only a few countries (notably LDCs with major internal political difficulties) have remained wholly outside it.

9. An important area of economic policy reform in the LDCs has been that of improving efficiency in the mobilization and use of domestic resources, from public as well as private sources. Some LDCs have made progress in undertaking tax reform, broadening the non-tax revenue base and improving the efficiency of financial institutions. Reform measures have also been aimed at improving the effectiveness of the public sector, providing greater opportunities for the private sector and increasing openness to the world economy. In many instances, economic policy change has been accompanied, or followed, by political reform, with a distinct trend towards more participatory forms of governance. LDCs have also initiated reforms in critical areas such as population and food security.

10. The process of domestic reform in the LDCs remains fragile. Governments are faced with the difficult and painful task of securing a balance between the short-term cost of reform, which is borne by a large part of the population, and sustaining the process over the long term to realize its potential benefits, which may materialize more slowly than in most other developing countries and are not necessarily immediately apparent to the population at large. In a situation of widespread poverty, lack of social security provisions and serious structural constraints, as well as vulnerability to short-term difficulties and external shocks, these efforts of the LDCs carry inherently a high risk of disruption, or even halt or reversal, of the reform process.

11. At the third annual review of progress in the implementation of the Programme of Action undertaken by the Trade and Development Board in March 1993, the LDCs reaffirmed their commitment to the implementation of reforms, including structural adjustment programmes. The need for the formulation of medium-to-long-term strategies was emphasized, and a stable political environment was considered necessary for this. The need for the setting of priorities was also brought out. Among those priorities, the following were

stressed: human resource development; strengthened policies to combat the problem of population growth; a revitalization of the agricultural sector and an improvement in the food security situation; more vigorous efforts to mobilize and effectively utilize domestic savings; and appropriate fiscal reforms and rationalization of public expenditure in coordination with other macroeconomic and sectoral reforms including trade policy reforms. 3/

12. The heavy debt burden of LDCs continues to be one of the stumbling-blocks on their path to economic progress and successful adjustment, despite steps taken by the LDCs themselves to improve their debt situation and management, and the debt relief extended to them. Although the growth of the stock of external debt of these countries as a group slowed down in 1991 (their total debt reaching a level of close to $116 billion), their debt situation continues to be critical. In many of the LDCs, debt exceeds GDP; the total outstanding external debt stock is equivalent to nearly two thirds of their combined GDP. While debt service payments declined over 1990 and 1991, they are estimated to have risen again in 1992 as a result of expanding multilateral service payments. 4/ Unable to fully meet their debt service obligations, many of the LDCs have accumulated payments arrears. Current debt relief schemes cover only part of the debt of LDCs. In the absence of enhanced debt relief measures, their debt-servicing problems are likely to intensify in the near future even under optimistic assumptions regarding export performance.

13. Another critical area for the success of adjustment efforts is external trade. Here, market conditions for products originating from LDCs have continued to be unfavourable in the early 1990s including, in particular, depressed world prices of primary commodities and recession in major markets. While merchandise exports from the LDCs as a group increased by some 5 per cent in 1991, this gain was concentrated in a small number of countries. For most LDCs, export volume failed to expand significantly, and even declined in certain cases.

14. In spite of their very limited trading opportunities, a number of the LDCs have successfully begun the process of diversifying their export base. Many of them have also undertaken trade policy reform, including autonomous trade liberalization measures ranging from simplification of tariff structures to lifting of quantitative restrictions on a wide variety of items, and accompanied by exchange rate adjustment and specific export and investment promotion programmes. Yet, efforts on the part of LDCs alone are not enough to enhance their export capacities and market access abroad; adequate support by their development and trading partners is necessary for them to achieve and sustain improvements in export performance.

III. EXTERNAL FINANCING REQUIREMENTS AND THE IMPLICATIONS OF THE APPLICATION OF THE NEW CRITERIA FOR IDENTIFYING THE LEAST DEVELOPED COUNTRIES

15. Most recent estimates of the external financing requirements of LDCs confirm that net capital flows would need to increase very substantially if these countries are to achieve accelerated growth during the 1990s, even assuming strong efforts by the LDCs themselves to mobilize domestic savings and use resources efficiently. It has been calculated that in order to achieve an

average GDP growth rate of 5 per cent for the decade as a whole, annual external financing would have to reach some $40 billion in 1990 prices by the year 2000, a level far above current assistance flows. These estimates point to a potentially serious shortfall in resource flows, the imperative for a major effort to direct development finance to the LDCs in order to permit even a modest improvement in economic welfare in these countries, and the need to seek other ways of mobilizing external resources, in addition to official development assistance which at present accounts for nearly all of the external financing of LDCs.

16. The set of aid targets adopted by the Second United Nations Conference on the Least Developed Countries in September 1990 was designed to help meet the external financing requirements of the 41 countries that were at that time identified as least developed. According to the above estimates, there has been a sizeable increase in total financing requirements as a result of the subsequent actions of the General Assembly involving the addition in the list of LDCs of six new countries, inclusion of five of which followed the application of the new criteria for identifying these countries. 5/ The level of external financing needs is some 18 per cent greater for the present 47 LDCs than it would have been for the countries included in the list when the Programme of Action was adopted. Aid targets and levels need to be adjusted accordingly so as to cover the requirements of the six new LDCs without reducing resource availability and levels of support for the other countries in this group. 6/

17. The issue of the resource and other implications of the application of the new criteria for identifying the LDCs was first raised by the General Assembly when it adopted those criteria. 7/ That issue was further considered at the eighth session of UNCTAD, held in Cartagena de Indias, Colombia, in February 1992, as well as at the subsequent two annual reviews of the Programme of Action at the Trade and Development Board. At the eighth session of UNCTAD, agreement was reached that a significant and substantial increase in the aggregate level of external support should be made available to the LDCs, taking into account the countries added to the list following the adoption of the Programme of Action. UNCTAD also asked the Trade and Development Board to consider the implications for appropriate adjustments for the commitments contained in the Programme of Action in respect of targets and levels of ODA. The General Assembly, in its resolution 47/173, reaffirmed the Cartagena Commitment, 8/ and the Trade and Development Board in March 1993 agreed that the implications of the enlarged list of LDCs for their resource requirements called for urgent consideration as recommended by UNCTAD at its eighth session.

18. UNCTAD at its eighth session also invited the Governing Council of the United Nations Development Programme (UNDP) to consider adjusting the allocation of indicative planning figures (IPFs) to the LDCs in the light of the additions to the list. In June 1990, the Council had decided that 55 per cent of IPF resources would be allocated to LDCs over the fifth programming cycle. Current estimates are that the present 47 LDCs will be receiving close to 59 per cent of IPF resources during that period. 9/ At its fortieth session, held in June 1993, the UNDP Governing Council, welcoming the increased concentration of the IPF resources of UNDP on the LDCs, requested the Administrator of UNDP to take into account the additions to the list of those countries. 10/ (See also para. 59 below.)

19. As regards the formulation and review of criteria for identifying the LDCs and recommending countries for inclusion in the list of LDCs, this function had since the establishment of the list been entrusted to the Committee for Development Planning (CDP). In its resolution 46/206, the General Assembly, inter alia, requested the Committee to consider further possible improvements in the criteria for identifying the least developed among developing countries and their applications, and to undertake every three years a general review of the list of low-income countries, with a view to identifying which of those countries should qualify for inclusion in, or should be graduated from, the list of LDCs, and to present this review to the Assembly through the Economic and Social Council. In addition, in the same resolution, the Assembly decided that it would act on the recommendations of the Committee for the inclusion of a country in the list of LDCs.

IV. INTERNATIONAL SUPPORT MEASURES IN THE AREAS OF OFFICIAL DEVELOPMENT ASSISTANCE, DEBT AND TRADE

20. In its resolution 46/156, the General Assembly stressed that the implementation of growth and development-oriented domestic policy initiatives by the LDCs deserved the increased support of all their development partners; in its resolution 47/173, the Assembly reaffirmed that those development partners should effectively and expeditiously implement the commitments undertaken on the measures proposed in the Programme of Action in all areas of international support, including ODA, debt relief and external trade were specifically mentioned. The present section reviews developments in these three key areas of international support for the LDCs.

A. Official development assistance

21. The LDCs have limited access to international financial markets and to foreign direct investment (FDI) and depend mostly on ODA for their external financing. The OECD Development Assistance Committee (DAC) countries have become the predominant source for such assistance. However, the share of LDCs in the aid programmes of those countries has been declining in recent years, and further contracted in 1991, the last year for which figures were available. In this context, the economic situation of the donor countries and cuts in aid budgets and programmes are a source of particular uncertainty with respect to the financing outlook for the LDCs.

22. In 1990, net resource flows to the LDCs amounted to a record $17.2 billion: ODA accounted for over 90 per cent of the total and there was an exceptionally large inflow of non-ODA resources. 11/ In 1991, however, non-ODA flows turned negative, and mainly as a result of this, the total flow of resources contracted by some $1.5 billion. There was also a slight downturn in ODA to the LDCs, from $16.1 billion in 1990 to $15.8 billion in 1991. DAC donors provided 97 per cent of total ODA to the LDCs in 1991, with an increase in their aid through multilateral channels largely compensating for a falling-off in bilateral disbursements. On the recipient side, around half of the LDCs suffered declines in ODA receipts.

23. Measured in terms of aid allocations as a share of gross national product (GNP), the performance of the DAC countries in 1991 fell far short of the aid targets and commitments set forth in the Programme of Action. ODA to LDCs declined from the previous year's level, both for the 41 countries identified as belonging to this group at the time of adoption of the Programme of Action (from 0.08 to 0.07 per cent of the DAC countries' combined GNP) and for the current group of 47 LDCs (from 0.09 to 0.08 per cent). Six DAC member countries (Norway, Denmark, Sweden, Finland, the Netherlands and Portugal) met the 0.20 per cent target in 1991. Only three among the other DAC donors improved their performance in terms of share of GNP for ODA to the LDCs in that year.

24. Factors affecting future external resource availability for the LDCs include (in addition to stringent budgetary policies of the OECD countries and their repercussions on aid allocations) lack of alternative financing sources for the LDCs in the near future, currently constrained aid-giving capacity of some non-OECD countries that were formerly important donors to LDCs, and new claims on aid budgets, as well as new conditionalities for the provision of aid and complexities facing the LDCs in this regard. 12/ In this situation, it is imperative that LDCs' development partners consider the special needs of these countries and safeguard aid allocations to them in order to ensure a significant and substantial increase in external support to LDCs' policy efforts, in line with the commitments set forth in the Programme of Action.

25. In this context, donors need to ensure an adequate resource base for the multilateral institutions that play a key role in funding LDCs' adjustment and development programmes as well as in providing technical and other assistance. Multilateral agencies, which accounted for 40 per cent of total ODA to the LDCs in 1991, allocate a significant share of their resources to LDCs, one that is in general much higher than the average share for LDCs of DAC bilateral aid. Sufficient funding of individual agencies, in particular those largely oriented to the needs of LDCs, is thus an essential element in external resource mobilization for this group of countries. Here, timely ratification of the agreement on the tenth replenishment of the International Development Association (IDA), successor arrangements to the SAF and ESAF facilities of IMF, and discussions on a third phase of the Special Programme of Assistance (SPA) for low-income debt-distressed countries in sub-Saharan Africa, 13/ which were scheduled to be initiated in June 1993, can be seen as being of particular importance for sustaining the flow of development assistance to the LDCs. The current funding situation of UNDP also has implications for the level of IPF and other resources allocated to the LDCs.

26. At the second part of the thirty-ninth session of the Trade and Development Board, held in March 1993, many delegations, both from LDCs and donor countries, noted with concern the fall in 1991 in the share from DAC donors' GNP of ODA allocated to LDCs. The DAC donors were urged to fulfil aid targets and commitments to LDCs. The performance of the six countries which had met the upper ODA target of 0.20 per cent of GNP was noted with satisfaction; other donor countries expressed their determination to provide substantial ODA to LDCs. Serious concern was expressed regarding improved balance between the aid conditionalities and the capacity of LDCs to conform to them. The role of FDI was also stressed and the LDCs urged their developed country partners to help catalyse their development process through active and appropriate FDI.

B. External debt and debt relief

27. During the past few years, LDCs continued to benefit from specific debt relief measures in their favour, for example, cancellation of bilateral ODA debt in accordance with Trade and Development Board resolution 165 (S-IX). They have also been the principal beneficiaries of more recent initiatives and schemes designed to alleviate the debt burden and provide adjustment support to low-income countries, such as the Special Programme of Action mentioned above and reschedulings on concessional terms in the Paris Club. These measures contributed to a levelling off in 1991 in the growth of external indebtedness of the LDCs as a group. While concessional multilateral debt continued to grow, there was a decrease in some other categories of debt (in particular, non-concessional debt to the OECD countries), resulting in a net increase in the total long-term debt of the LDCs in 1991 of close to $2 billion over the previous year's figure of $114 billion.

28. As regards bilateral ODA debt, most DAC donors now extend only grants to the LDCs and large-scale debt cancellation has been undertaken in their favour. ODA debt forgiveness provided by OECD creditors since 1989, including that now being implemented, has been estimated as ranging between $5 billion and $6 billion. The effect of these cancellations is not yet fully reflected in outstanding debt figures. Moreover, some major aid creditors accounting for a significant share of LDCs' ODA debt have yet to take measures of this kind.

29. LDCs have also benefited from multilateral initiatives to provide debt relief and support to debt-distressed countries, inter alia, through the Debt Reduction Facility (DRF) of the World Bank. Three LDCs 14/ as of early 1993 had used the DRF facility, which provides support for reducing commercial bank debt and debt service through buy-backs and debt exchanges. Similar operations for four additional LDCs were under preparation.

30. With respect to non-concessional bilateral debt, an important development has been the introduction, in December 1991, of new rescheduling terms providing enhanced concessional treatment for the poorest and most indebted countries in the Paris Club. The new terms offer a higher share (50 per cent) of debt forgiveness than previously and overall enhanced concessionality; most creditor countries have since associated themselves with the highly concessional options in the menu. In this context, the Administration of the United States of America has sought congressional approval for legislative and budgetary measures to allow the United States to reduce low-income countries' debt. Paris Club agreements extending the enhanced concessional treatment have also contained a new provision whereby creditors agree to consider a reduction in the stock of debt after a three-to-four-year period, subject to successful implementation of previous agreements and of adjustment programmes.

31. This enhanced concessional treatment has clearly spurred the LDCs to seek reschedulings of their bilateral official debts within the Paris Club framework. Thirteen in all obtained such reschedulings in the period extending from December 1991 when the new terms were introduced to mid-1993. 15/

32. However, the various debt relief measures taken in favour of the LDCs over the recent past have not yet proved sufficient to reduce their debt service ratios to sustainable levels. Even if they succeed in improving their export

earnings, their current debt-servicing obligations are likely to remain unduly heavy. Assessments undertaken of the impact of the new Paris Club terms showed that the implementation of the enhanced concessional treatment would not by itself remove the debt overhang of all debt-distressed LDCs. Additional measures would be needed, in particular for those countries whose debt is mainly to non-OECD countries or to multilateral institutions. The debt-servicing problems of those LDCs that have made special efforts to meet their obligations and avoid rescheduling also deserve attention. The need for further debt relief was emphasized by many delegations at the second part of the thirty-ninth session of the Trade and Development Board, held in March 1993.

C. External trade

33. The decline in the already marginal share of LDCs in world trade during the 1980s and early 1990s points to a severe curtailment in their trading opportunities. With respect to seeking to reverse this situation, the role of the generalized system of preferences (GSP) and the issues under deliberation in the Uruguay Round of multilateral trade negotiations warrant particular consideration.

34. With respect to the GSP, some positive steps have been taken in recent years by a number of preference-giving countries belonging to OECD (which constitute the main markets for LDCs' exports) towards improving country or product coverage of their schemes, including an extending of the special and more favourable treatment reserved for the LDCs to countries newly designated as such. The LDCs enjoy a broader product coverage than other developing countries as well as exemptions from quotas or ceilings under a number of schemes, and some new measures to extend GSP eligibility to products of export interest to LDCs have been announced. 16/ Almost all schemes subject imports from LDCs to tariffs that are lower than those on imports from other preference-receiving countries. Despite these preferential provisions, however, the role of GSP schemes in broadening the market access of LDCs has remained a limited one. The value of preferential imports (imports that actually received preferential treatment) of OECD countries from LDCs rose to $939 million in 1991, and this figure reflected only about half of the imports of LDC products covered by the schemes and less than one third of most-favoured-nation (MFN) dutiable imports (falling within the purview of the GSP). 17/

35. Further improvements are called for if the GSP schemes are to play a more effective role in enhancing LDCs' access to markets. Action in this regard could include increasing the range of products covered or the tariff concessions; applying flexible rules of origin; offering special terms or exemptions from other limitations on preferential imports; effecting greater long-term stability and predictability in the management of GSP schemes; and simplifying procedures. Greater efforts by LDCs to utilize the existing schemes more fully are also called for, and this in turn warrants parallel progress in institution-building, development of the export sector and donor assistance for export promotion and diversification in the LDCs.

36. The process of trade liberalization and rule-making in the Uruguay Round of multilateral trade negotiations is of particular significance for the future trading opportunities of the LDCs. Both their export prospects and their

ability to import would be affected, not necessarily to LDCs' advantage. In the case of export of tropical primary products, LDCs are unlikely to reap substantial benefit from any growth of world income that might result from the Uruguay Round, as those products have low-income and short-term supply elasticities. Furthermore, any gains that they might secure could be offset by erosion of existing preferences resulting from across-the-board liberalization. LDCs that are net food importers would be seriously hit by higher world prices for temperate zone products arising from proposed liberalization of trade in agricultural products, in the absence of adequate compensatory measures.

37. The consequences of the Uruguay Round for market access of LDCs should also be judged against the additional obligations that may be placed upon them in the areas of trade-related intellectual property rights, trade-related investment measures and trade in services. A preferential treatment of LDCs, in particular by way of granting sufficiently long transitional periods, is essential for helping these countries create the technological and industrial base required for enhancing their participation in world trade.

38. At the second part of the thirty-ninth session of the Trade and Development Board, held in March 1993, it was stressed that fair access to all markets is a key instrument for the promotion of trade and development. 18/ It was proposed by the LDCs that the Final Act of the Uruguay Round should include a distinct chapter embodying the specific provisions for LDCs covering the elimination of tariff and non-tariff barriers for both primary and processed products. The LDCs expressed the view that the Draft Final Act did not adequately reflect their needs and requirements in terms of access to markets and other issues, and joined by a number of other delegations, they requested that a high-level group be organized to examine the provisions of the Draft Final Act as they related to the LDCs and to propose concrete measures for inclusion in the Final Act of the Uruguay Round. However, consensus has not yet been reached on the setting up of such a group.

39. Besides actions relating to market access, the Programme of Action also called for other support measures in the area of trade, for example, for export development, and promotion and diversification, inter alia, through establishment of import promotion facilities. Follow-up action included the establishment in France of a special agency for the promotion of the LDCs' exports, as announced at the Second United Nations Conference on the Least Developed Countries, held in September 1990. The aim of the agency is to increase imports from the LDCs into France and strengthen trade relations with these countries on a long-term basis. Other trading partners of LDCs may wish to consider setting up similar facilities. Support measures also need to be extended in the areas of commodity exports and compensatory financing, where there has so far been little follow-up to the recommendations in the Programme of Action.

V. OTHER ARRANGEMENTS FOR IMPLEMENTATION, FOLLOW-UP AND MONITORING AND REVIEW OF THE PROGRAMME OF ACTION

40. In its resolution 46/156, the General Assembly stressed the importance of effective follow-up and monitoring mechanisms for the Programme of Action. The present section gives a brief overview of subsequent developments and main follow-up events at the national, regional and global levels.

41. In this context, the LDCs have continued to consult regularly among themselves, taking a number of special initiatives. The second Ministerial Meeting of the LDCs was convened during the eighth session of UNCTAD in February 1992. 19/ More recently, ministers and heads of delegations participating in the second part of the thirty-ninth session of the Trade and Development Board, held in March 1993, met to review LDCs' recent development performance, paying particular attention to resource constraints facing them and to the erosion in their trading opportunities. They agreed on a course of action to promote a high-level political dialogue on these issues with their development partners and to sensitize the international community to the plight of the LDCs. The meeting invited UNCTAD and other international organizations to extend the necessary support for this process. This initiative was followed up in Vienna in June 1993 by representatives of LDCs, who adopted a ministerial declaration on the implementation of the Programme of Action and decided to continue their consultations on these matters. 20/

42. Consultations concerning review and appraisal of the implementation of the Programme of Action have continued between UNCTAD, which is the focal point for follow-up at the global level, and other concerned bodies of the United Nations system, in particular the former Department of Economic and Social Development of the United Nations Secretariat, the lead organizations for follow-up at the national level (the World Bank and UNDP) and the regional commissions. Collaboration arrangements were discussed at the second part of the thirty-ninth session of the Trade and Development Board, held in March 1993; it was felt, inter alia, that UNCTAD's participation in country-level monitoring should be strengthened.

A. Follow-up at the national level

43. Consultative and aid groups and round-table meetings form the backbone of follow-up to the Programme of Action at the national level. Virtually all LDCs now have such country review groups. Since the adoption of the Programme of Action, activity has been stepped up, with groups meeting more regularly, new countries joining and others rejoining the process, and a new focus on linking these arrangements to national policy-making and programming. Still, not all of the groups are currently active, and the process has yet to be established on a regular basis in a number of LDCs. The lead organizations have taken a number of steps to further strengthen these arrangements, for example, UNDP has prepared revised procedures and guidelines for the round-table process.

44. Sixteen LDCs have consultative or aid groups chaired by the World Bank, while most of the others have had or are planning to convene round-table meetings under UNDP auspices. Following the adoption of the Programme of Action

in September 1990 up to mid-1993, review meetings were held for over half of the LDCs (see annex). 21/ Additional meetings are actively under preparation.

45. In assessing both the overall coverage of the country review meetings and the outcome of the groups that have been convened, it should be kept in mind that these arrangements have over the years become increasingly linked to recipients' policy programmes in the broad sense. The establishment of such programmes may require considerable time, especially in countries undertaking political reform. This, coupled with difficulties in policy implementation, has tended to slow down follow-up processes at the national level. As for the outcome once meetings have been organized, financing requirements under well-prepared programmes have generally been fulfilled. However, individual country experience varies, and resource mobilization has not been uniformly successful. While some LDCs received donor support at significant levels following the adoption of economic reform programmes and democratization, other countries with similar records saw little rise in aid levels. However, over the longer term and in the aggregate, a pattern seems to be emerging whereby aid increases are largely directed at countries that are undertaking adjustment and policy reform and are actively engaged in the consultative group/round-table process.

46. The Trade and Development Board at the second part of its thirty-ninth session, held in March 1993, while considering the country review process useful, noted that there was scope for its improvement, in particular in relation to follow-up and coordination at the local and the sectoral level. It was also felt that the focus of round-table meetings, on balance, had so far been more on policy dialogue than on resource mobilization.

B. Follow-up at the regional level

47. The intergovernmental organs of the Economic Commission for Africa (ECA) set up to follow up and monitor the implementation of the Programme of Action in the region are now convened on a biennial basis. Accordingly, the meeting of the Conference of Ministers of African Least Developed Countries, preceded by a meeting of the Intergovernmental Committee of Experts of African Least Developed Countries, was held, in April 1992, for the first time after the adoption of the Programme of Action. These meetings discussed, among other topics, the continued retrogression in the socio-economic performance of African LDCs in 1990-1991 and their trade and balance-of-payments problems, as well as the domestic policy issues confronting them. The Ministers adopted a resolution on implementation, follow-up and monitoring of the Programme of Action, inter alia, appealing to the donor community to substantially increase external assistance as well as to major creditors to offer debt relief commensurate with the difficult financial situation of the African LDCs. They also requested the Executive Secretary of ECA to intensify the regional coordination efforts of the Commission, with respect to measures in favour of the least developed, land-locked and island countries in Africa.

48. In addition to reviewing the progress in the implementation of the Programme of Action, ECA activities in favour of the LDCs include the provision of technical assistance and advisory services with emphasis on measures to improve the institutional and administrative capabilities of the LDCs in project

and programme formulation and the design of national and/or subregional and regional development strategies and policies; an annual review of the economic and social conditions in the African LDCs; and in-depth studies of technical and policy issues. Projects and programmes undertaken in LDCs, including land-locked and island LDCs, by the various sectoral divisions of the ECA secretariat cover areas such as agricultural development, natural resources, population and statistics, documentation and information systems, transport and communications, and human resources and management development, among others.

49. The Economic and Social Commission for Asia and the Pacific (ESCAP) considers the follow-up to the Programme of Action and reviews progress in its implementation at its annual sessions. In 1992, it established a Special Body on Least Developed and Land-locked Developing Countries, which held its first session in February 1993. The Special Body noted the discouraging progress so far in the implementation of the Programme of Action and the adverse effects of the uncertain world economic environment, mounting problems for LDC exports, external shocks and natural and man-made disasters on GDP growth in the LDCs and land-locked countries of the ESCAP region. The Commission at its forty-ninth session, held in April 1993, endorsed the report of the Special Body at its first session and also adopted a resolution on strengthening assistance to the LDCs.

50. Activities relating to the LDCs continue to receive high priority in the regular work programme of the ESCAP secretariat. Projects currently under implementation cover a wide range of areas, including sustainable agricultural development strategies, investment promotion, lessons that could be learned by the LDCs from the early development experiences of the East Asian newly industrialized economies, and financial resource mobilization. The annual Economic and Social Survey of Asia and the Pacific continues to analyse the macroeconomic performance and policy issues of the LDCs in the region. With regard to cluster meetings, the secretariat has initiated several activities, including a study on existing cooperation arrangements between the LDCs and other developing countries in the region and reports on economic cooperation between the LDCs and neighbouring countries.

51. The Economic Commission for Latin America and the Caribbean (ECLAC) and the Economic and Social Commission for Western Asia (ESCWA) have follow-up responsibility with respect to the two LDCs in their regions, Haiti and Yemen respectively. Owing to the special situation in Haiti since September 1991, the provision of technical cooperation by ECLAC and other United Nations organizations has been interrupted. ESCWA for its part continues to accord particular attention to the special development problems of Yemen. Apart from covering this country in its annual survey of economic and social developments in the region and providing technical assistance in various fields, ESCWA periodically reviews progress in the implementation of the Programme of Action. A report on this subject was prepared for the period 1990-1991, highlighting the adverse effects of the crisis in the Persian Gulf on the economy of Yemen. Two special studies are planned for 1993, one analysing the policy issues arising from the 1990 unification and the other assessing economic cooperation with other developing countries of the region. An expert group will be convened to discuss the findings of the latter study.

52. The regional commissions, in addition to addressing the needs and problems of the LDCs as part of their ongoing work, have in the Programme of Action been assigned the task of monitoring and promoting economic cooperation between LDCs and other developing countries at the regional level, notably by organizing cluster meetings on a regular basis. However, it has so far not been possible, apart from some preparatory work undertaken as indicated above, to initiate the cluster meeting process, owing to resource constraints. An informal meeting was held between concerned agencies attending the inter-agency consultation on the follow-up to the Programme of Action in June 1992 to discuss the format and approaches of cluster meetings. The discussions emphasized the fact that it would be necessary to obtain resources from bilateral donors and other sources for the funding of those meetings.

C. Follow-up at the global level

53. At the global level, progress in the implementation of the Programme of Action was reviewed in February 1992 at the eighth session of UNCTAD, which devoted a special plenary meeting to the LDCs. With regard to the follow-up of the Programme of Action, the Conference identified a number of areas for priority action, notably concerning debt and trade, as set out in part IV of the Cartagena Commitment. 22/

54. Subsequently, the second and third annual reviews of the Programme of Action were undertaken in September-October 1992 and March 1993 respectively by the Trade and Development Board (during the first and second parts of its thirty-ninth session). A special sessional committee was set up to conduct this review. 23/ As decided by the Board at the first part of its thirty-ninth session, two special issues, domestic and external resource mobilization, including debt situation and management, and improving trading opportunities, were reviewed in depth during the second part of that session. Following this review, the Trade and Development Board adopted the agreed conclusions referred to under the relevant subheadings in the present report. In addition to the formal meetings of the special sessional committee, an informal exchange of views on the implementation of the Programme of Action took place, with the participation of high-level officials and experts.

55. However, LDC participation in the annual reviews has so far been much smaller than that envisaged in General Assembly resolution 46/156 (in which the Assembly requested the Secretary-General to mobilize extrabudgetary resources to ensure the participation of at least one representative of each LDC). In its resolution 47/173, the Assembly urged donors to consider providing extrabudgetary resources to facilitate such participation. While a few donors made corresponding contributions towards the 1992 and 1993 reviews by the Trade and Development Board, the efforts to mobilize extrabudgetary resources for this purpose have met overall with a very limited response. Considering the importance of the full participation of the LDCs in the review process at the global level, also in view of the preparations for the mid-term review in 1995, ways and means should continue to be sought to enable a larger number of LDCs to take part in forthcoming annual reviews. Their participation in preparatory meetings and in the mid-term review itself likewise needs to be secured.

56. As regards the secretariat arrangements for follow-up, monitoring and review of the Programme of Action, further steps were taken within UNCTAD to strengthen capacity in this respect, notably by upgrading the unit responsible for these functions to a full division in late 1991. The UNCTAD secretariat has continued to prepare its annual report on the LDCs as background document for the review of progress in the implementation of the Programme of Action by the Trade and Development Board.

VI. ACTION BY ORGANS, ORGANIZATIONS AND BODIES OF THE UNITED NATIONS SYSTEM

57. Action taken by individual organizations to implement and follow up the Programme of Action and relevant provisions of the General Assembly are set out below in summary form. 24/ The present section also describes the system-wide activities that have taken place, including inter-agency coordination. In its resolution 46/156, the Assembly, inter alia, called upon all relevant organs, organizations and programmes of the United Nations system to establish focal points for the LDCs and strengthen existing ones in order to involve them actively in the implementation of the Programme of Action throughout the 1990s, and also to take steps to implement the recommendations contained in the Programme of Action that fell within their area of competence. The Assembly also requested the Secretary-General to continue to ensure the full mobilization and coordination of all organs, organizations and bodies of the United Nations system in the implementation and follow-up of the Programme of Action. Provisions in this respect have been affected by the subsequent reorganization within the United Nations Secretariat and of the Administrative Committee on Coordination (ACC) subsidiary bodies. Moreover, as part of the review and monitoring of progress in the implementation of the Programme of Action, organizations were entrusted with the task of undertaking sectoral appraisals at regular intervals, and this process has yet to be initiated.

58. In a statement 25/ on the LDCs that was approved on behalf of ACC at the meeting of the Organizational Committee, held in Geneva from 25 to 27 March and on 7 and 10 April 1992, ACC agreed that the organizations of the United Nations system had a major role to play in advocating the cause of the LDCs, in helping them formulate and put into effect sound and operationally relevant development and sectoral policies and in contributing to directing increased flows of assistance to them. It urged those organizations to continue to be actively involved in the implementation of the Programme of Action for the 1990s and give full support to the development efforts of those countries. It has also pursued its initiative in providing guidance to headquarters and field structures of member organizations for the implementation of the Programme of Action. Guidelines on the operational implications of the Programme of Action, elaborating on the strategic approach set out in the ACC statement, have been developed with the support of the Consultative Committee on Substantive Questions (Operational Activities) and were issued to resident coordinators and field staff of the system in November 1992. The Committee, which has since fused with the relevant functions of the Consultative Committee on Substantive Questions (Programme Matters) to form the Consultative Committee on Programme and Operational Questions, will be monitoring the implementation of those guidelines.

A. Action by individual bodies

1. United Nations

59. The core resources of UNDP have been increasingly concentrated on the LDCs. During the fifth programming cycle (1992-1996), those countries are expected to receive almost double the share received during the first cycle. This should correspond to an amount of over $2 billion during the current cycle. To this financing is to be added other, non-IPF resources, such as those of the United Nations Sudano-Sahelian Office and the United Nations Capital Development Fund, whose activities are mostly directed at LDCs.

60. The areas of aid coordination and economic management, as well as human development, have been retained as priorities for UNDP support to the LDCs. In the former, steps have been taken to streamline instruments such as the round-table process and National Technical Cooperation Assessment and Programmes (NATCAP) and integrate them in a comprehensive approach to capacity-building and aid coordination. The objective of NaTCAP is to strengthen the capacity of recipient Governments to define their own policies and priorities for technical cooperation; over half of the LDCs are currently engaged in this process. UNDP support for human development in LDCs takes many forms, for example, projects and programmes for primary health care, rural development, and education. A number of projects provide assistance for small-scale activities, including ones carried out by non-governmental organizations and grass-roots groups that benefit lower-income groups and contribute to poverty alleviation. The United Nations Development Fund for Women (UNIFEM) for its part pioneers new approaches for the full participation of women at all levels of the development process.

61. A report on specific measures taken by UNDP to address the needs of the LDCs was submitted to its Governing Council in June 1993. The Governing Council, inter alia, endorsed the priorities set in assisting in the implementation of the Programme of Action and requested further strengthening of efforts, particularly in the fields of environment and poverty alleviation. It also requested UNDP to assist in providing the necessary support to the preparations for the 1995 mid-term review of the Programme of Action and in mobilizing funding for the participation of the LDCs, and to strengthen its overall capacity, including the role of its focal point, to deal with the needs of the LDCs.

62. As part of the restructuring of the United Nations Secretariat, the Department of Economic and Social Development was established in early 1992, incorporating the responsibilities previously assumed, inter alia, by the Office of the Director-General for Development and International Economic Cooperation and the Department of Technical Cooperation for Development. Within the Department of Economic and Social Development, a Special Coordinator for Africa and LDCs was appointed. The Department of Economic and Social Development continued to assist LDCs in a number of areas, including development planning and analysis, development of indigenous science and technology capacity, population analysis and statistics. Further reorganization of the United Nations Secretariat and reassignment of responsibilities were undertaken in the first half of 1993. Expenditure on technical assistance activities in the LDCs falling within the area of competence of the newly created Department for

Development Support and Management Services of the United Nations Secretariat is estimated at $173 million during the period 1991-1993.

63. The Department of Humanitarian Affairs of the United Nations Secretariat is continuing several activities in the field of disaster preparedness and prevention in the LDCs in the context of the International Decade for Natural Disaster Reduction, for example, flood mitigation activities and guidance on earthquake risk reduction. The Department of Humanitarian Affairs also places particular emphasis on a regional approach to disaster mitigation. A disaster reduction programme has been elaborated for small island States in the south-west Pacific, including LDCs in the region. The programme aims at strengthening national capacities to mitigate the impact of natural disasters through a region-wide training programme in disaster management. The Department of Humanitarian Affairs is working closely with UNDP and the World Meteorological Organization (WMO) in this field.

64. Some 20 of the LDCs have to cope with the impact of refugee or returnee populations. For the refugee-hosting countries, the Office of the United Nations High Commissioner for Refugees (UNHCR) has extensive assistance programmes. UNHCR is acutely aware that emergency assistance, in its design and implementation, must be provided in ways that will be supportive of recovery and long-term development. In relation to voluntary repatriation to countries of origin, UNHCR has been focusing its efforts on enlisting the involvement of various developmental agencies (national, international, intergovernmental, non-governmental) for development initiatives focused on the areas of return, so as to assure the successful reintegration of the returning populations.

65. The activities of the United Nations Centre for Human Settlements (Habitat) have focused on capacity-building, especially at the local level, and community participation in human settlements management and development, as well as on the identification of low-cost and environmentally sound technological options for human settlements infrastructure and services. These approaches have resulted in closer cooperation with non-governmental and community-based organizations and with women's groups in the formulation and execution of programmes and projects. At the end of 1992, the Centre had 85 ongoing projects in LDCs, with a budget of over $20 million, representing 45 per cent of total technical cooperation expenditure in that year.

66. Even before the adoption of the Programme of Action, programme expenditures by the United Nations Children's Fund (UNICEF) were nearly five times higher per child in LDCs than in other developing countries. In its medium-term plan for the period 1992-1995, UNICEF pledged to maintain these allocation levels during the plan period. This pledge is being fulfilled. In 1993, an estimated 45 per cent of UNICEF programme expenditure is going to LDCs (as compared with 41 per cent in 1989). The World Summit for Children, held in 1990 immediately after the Second United Nations Conference on the Least Developed Countries, was an important step in providing more support for these countries. UNICEF has made the goals in the World Declaration on the Survival, Protection and Development of Children adopted at the Summit its guidelines for the implementation of the Programme of Action. Field offices have been apprised of the need to strengthen their work in this area. UNICEF has also been active in advocacy efforts to mobilize other resources to meet the needs of children in LDCs, for example, by supporting regional initiatives and efforts for their

benefit. Moreover, it has been active in advocating debt relief for LDCs in many forums.

67. Apart from its activities related to the follow-up to the Programme of Action at the global level, UNCTAD also extends technical assistance to LDCs, for example, in such areas as support to the trade and external sector, administration/management of customs, development of the service sector, transit transport for land-locked countries, debt management, transfer of technology and procurement of food imports. About 30 per cent of technical cooperation expenditure is allocated directly to projects in LDCs or LDC-related activities.

68. Assistance from the United Nations Environment Programme (UNEP) to the LDCs has emphasized strengthening indigenous capacities to integrate the environment in the development planning process and adopt sound environmental management and sustainable development policies. UNEP continued to provide support to those countries in 1992 through its regional and subregional programmes and in the framework of various conventions in this field and the World Climate Impact Assessment and Response Strategies Programme. UNEP also addresses the needs of LDCs in formulating and implementing its programmes in energy, soils, water and desertification, among others. Modalities have been explored for mobilizing resources to help LDCs in implementing sustainable development programmes (for example, through the Global Environment Facility together with the World Bank and UNDP).

69. In striving to implement the Programme of Action, the United Nations Population Fund (UNFPA) has stepped up its assistance to LDCs with a view to promoting population programmes. LDCs, as priority countries, are receiving one third of the resources of the Fund. Since 1988, the level of allocations to those countries has nearly doubled. Expenditure in 1992 amounted to $40 million. UNFPA has also held consultations with the World Bank and bilateral donors to mobilize additional funds for population activities in LDCs.

70. The World Food Programme (WFP) is one of the major sources of multilateral grant assistance to the LDCs. In value terms, nearly 60 per cent of WFP shipments in 1992, for both development and emergency operations, were for LDCs. In that year, total WFP expenditures in LDCs rose to over $0.9 billion. The priority sectors of WFP's assistance, which is provided to low-income food-deficit countries, are agricultural and rural development, especially increased food production, protection of the environment, and increasing of the employment of the poor, primarily in rural areas; human resource development, mainly improvement of the health and nutrition of the most vulnerable groups of mothers and children, and assistance to education through school feeding; and provision of assistance to refugees and displaced persons and the victims of natural disasters. During the last few years, WFP has increased the volume of its emergency and refugee assistance, particularly to help sub-Saharan African countries affected by drought and crop failure as well as war and civil strife.

71. In October 1992, the governing body of WFP (the Committee on Food Aid Policies and Programmes) adopted revised guidelines for the allocation of WFP development assistance assigning highest priority to the LDCs, and an increased target level for assistance to those countries (at least 50 per cent over the period 1995-1997). WFP provides a subsidy to LDCs towards meeting the internal transport, storage and handling costs of its food aid, as well as additional

assistance to meet some of the costs of the recipient Governments of implementing WFP-assisted development projects, to improve project quality, and to train counterpart staff.

2. Specialized agencies and related organizations

72. The specific requirements of the LDCs remain at the centre of the concerns of the Food and Agriculture Organization of the United Nations (FAO). More than half of field resources are directed to LDCs. Its Special Action Programmes, reflecting the main priorities of FAO as well as global priorities, such as those set at the United Nations Conference on Environment and Development, cover areas of particular interest to the LDCs, for example, nutrition and food quality; policy and planning assistance for food security; and sustainable agriculture and rural development. FAO and the World Health Organization (WHO) jointly organized the International Conference on Nutrition, held in 1992, which addressed the needs and problems of LDCs in this area. Emphasis has also been placed on the enhancement of national capacities to deal with policy and programme implementation, institution-building and training. Women in Development programmes receive high priority among all of FAO's programmes, particularly in connection with the follow-up to the United Nations Conference on Environment and Development. Special assistance is provided through FAO's Food Security Assistance Scheme and its Global Information and Early Warning System for Food and Agriculture. Other areas of FAO's programme in LDCs include seed improvement and development, prevention of pre- and post-harvest losses, soil fertility improvement, livestock development, and the management and development of fisheries and tropical forests. LDCs continue to receive priority in investment-related and emergency assistance activities.

73. The International Civil Aviation Organization (ICAO), as the specialized agency of the United Nations system responsible for civil aviation activities, regulations and standards, provides assistance to the LDCs in this area mainly with UNDP funding. It also works with other funding sources to secure financing for civil aviation development. It has assisted LDC Governments in the development of master plans or action plans for this purpose, and is providing institutional and on-the-job training in different civil aviation disciplines.

74. The mandate of the International Fund for Agricultural Development (IFAD) centres on the alleviation of rural poverty. With some 70 per cent of the rural population in LDCs estimated to be living in poverty, and the problems of food insecurity being of particular gravity in these countries, IFAD has given special and growing attention to their needs in its operations and allocated a major share of its resources to them. IFAD's assistance strategy in LDCs revolves around expanding local food production, stimulating individual initiatives at the village and the community level, promoting the role of women as producers and providers of family food security, and helping Governments maintain or increase the focus on the smallholder sector. In 1992, 12 loans were extended to LDCs, total financing (including co-financing) amounting to $137 million.

75. The main areas of technical cooperation of the International Labour Organisation (ILO) with LDCs are employment promotion, development of small- and medium-scale enterprises, assistance to the informal sector, productivity

improvement, and income-generating programmes for vulnerable groups. One third of total ILO assistance in 1991-1992 was provided to LDCs. Increasing emphasis is being placed on policy advice, sectoral studies and the formulation of strategies for employment growth and human resources development, particularly in the context of structural adjustment programmes. ILO is taking steps to reinforce its capacity to respond to the needs of LDCs (as well as other developing countries) by regrouping its technical expertise in a number of subregional multidisciplinary advisory teams.

76. Within the overall policy of IMF of extending uniform treatment to all members, while seeking to meet their particular needs and to respond to their particular circumstances, the Fund's activities have helped meet the needs of the LDCs in various ways. Fund assistance to member countries comprises policy advice provided in the context of annual consultations and discussions on the use of IMF resources, financial assistance, and technical assistance in a wide range of areas. Additional assistance has been mobilized from other donors for IMF-supported adjustment programmes. In order to contribute to the monitoring of the implementation of the Programme of Action, the Fund has, since 1991, identified and analysed the LDC group in its World Economic Outlook exercise.

77. During 1991-1992, in spite of $470 million in repayments resulting from previous Fund arrangements, net disbursements to LDCs totalled close to $210 million. Most of the LDCs that have in recent years made use of the Fund's facilities have done so under the SAF and the ESAF. As of the end of April 1993, SAF commitments for LDCs amounted to $1.6 billion and ESAF commitments to $2 billion. In April 1993, the IMF Executive Board began reviewing operational modalities and the funding options for a successor facility to ESAF, the cut-off date for commitment under the current facility ending in November. One of the LDCs (Mozambique) benefited from an increase in ESAF access in the context of the Fund's response to the 1992 drought in southern Africa. Meanwhile, rights accumulation programmes were approved for two LDCs (Sierra Leone and Zambia) in 1992.

78. The volume of assistance extended by the International Maritime Organization (IMO) to LDCs corresponds to approximately one third of its total technical cooperation programme. IMO has now designated a focal point for LDCs. The main objectives of the IMO programme are to develop training, as well as technical, legal and managerial capacities to implement international standards on maritime safety, protection of the marine environment and related elements involving shipping and ports.

79. The International Telecommunication Union (ITU) is concerned with the development of telecommunication infrastructures as well as with their regulation and standardization in the LDCs. Through its regional telecommunication development conferences it tries to ensure that the development policies in this field are arrived at endogenously so that they have the best chance of getting implemented. Follow-up includes round-table meetings to mobilize resources. ITU makes a specific allocation in its annual budget to LDCs to be used in four critical areas of management, maintenance, planning and human resources development. It has now appointed a focal point to deal with assistance to LDCs.

80. Action in favour of the LDCs is one of the priorities of the United Nations Educational, Scientific and Cultural Organization (UNESCO). The special unit for those countries, established in 1991, has undertaken preparatory work for a project for setting up a foundation to sensitize international public opinion to LDCs' problems and mobilize resources to support their development efforts. Moreover, various studies and seminars are being organized. Technical support is extended, for example, in the areas of education and literacy, technology and natural sciences, and communications and information. Particular attention is also being given to the strengthening of LDCs' national UNESCO commissions.

81. Follow-up activities of the United Nations Industrial Development Organization (UNIDO) to the Programme of Action have included the preparation of an Industrial Plan of Action highlighting the central issues of industrial development in the LDCs and of an Industrial Action Programme for the LDCs, both adopted by the Fourth General Conference of UNIDO in November 1991. The Industrial Action Programme serves as the basis for the development and implementation of UNIDO technical cooperation projects and programmes in the LDCs in the 1990s. These, inter alia, emphasize human resource and private sector development, privatization programmes, promotion of small- and medium-scale industries, technology transfer and development, rural industrial development, mobilization of financial resources and food self-sufficiency. Grass-roots projects are being developed through seed programmes specifically designed for the LDCs. In conjunction with the forthcoming General Conference of UNIDO, a ministerial-level symposium is being organized on the theme "Financing the Industrial Action Programme for the LDCs: challenge for the 1990s".

82. According to the principles adopted by the 1989 Universal Postal Congress, (Washington, D.C.), LDCs are a top priority group in the technical cooperation programme of the Universal Postal Union (UPU). Their share in total assistance funded by UPU resources is some 55 per cent. They have benefited widely from training activities undertaken by UPU and were also the first beneficiaries of the programming missions carried out by the organization's regional advisers.

83. Assistance to low-income countries, including the LDCs, is a priority commitment of the World Bank. Almost all of the LDCs fall into the category of borrowers receiving IDA credits on highly concessional terms. IDA commitments to LDCs since fiscal year (FY) 1985 have been maintained at an average of $2 billion a year, representing around 40 per cent of IDA commitments to all borrowers. During the period 1989-1992 they were concentrated on investments in infrastructure, the social sectors and adjustment operations. Additional financial assistance has been provided to debt-burdened LDCs through the Debt Reduction Facility, the supplemental IDA credit programme (with proposed allocations of $45.7 million to eight LDCs in FY 1993) and the Special Programme of Assistance (SPA), an instrument for aid coordination and mobilization for beneficiary countries undertaking adjustment. A special emergency grant of $20 million was made in FY 1993 to support relief efforts in Somalia.

84. The World Bank has increasingly been placing poverty reduction at the centre of the policy dialogue and its country assistance strategies. Accordingly, it supports policies and programmes that concentrate on broad-based labour-intensive growth, provide the poor with access to physical infrastructure and basic social services, and eliminate policy distortions that adversely

affect the interests of the poor. In addition, greater support is being given to the design and establishment of safety nets to protect the most vulnerable members of society during adjustment and/or transitional phases of lending operations. To implement its poverty reduction strategy, the World Bank is carrying out poverty assessments for all its active borrowers. As of April 1993, 6 of the 24 assessments so far completed were for LDCs. About 23 more LDC poverty assessments are scheduled for completion by mid-1995. The analysis in a number of forthcoming assessments, four of them in LDCs, will benefit from participatory approaches in an attempt to gain a deeper understanding of the social and cultural dimensions of poverty. The World Bank has also set up a programme of targeted interventions that is being used to identify lending designed to help the poor directly.

85. Negotiations for the tenth replenishment of IDA, expected to bring up total commitment authority during the period 1994-1996 to about $22 billion, were concluded in December 1992. It was agreed during the negotiations that at least 40-50 per cent of resources would be allocated to sub-Saharan Africa, subject to performance. Donors emphasized the importance of poverty reduction, including increased lending in the social sectors, especially education for women and children.

86. Following the adoption by the forty-fourth World Health Assembly in May 1991 of a resolution on intensifying cooperation with countries and peoples in greatest need, the World Health Organization (WHO) has enhanced its efforts to support countries in promoting health development strategies as part of overall socio-economic policies, implementing health system reforms, and strengthening capabilities for resource mobilization and utilization, including aid management. A report on first achievements was submitted to the forty-sixtn World Health Assembly. WHO has also increased its capacity to facilitate coordination at the country level through regular dialogue with donors and other development agencies, and to develop new partnership arrangements of multi-bilateral cooperation. The country's overall situation is taken into account through sectoral consultations, and long-term planning and support are encouraged. By May 1993, intensified WHO cooperation was being implemented in 24 LDCs. The WHO 1994-1995 programme budget includes this new initiative to ensure the required sustainability.

87. The development cooperation programmes of the World Intellectual Property Organization (WIPO) with LDCs focus mainly on enhancement of the protection of industrial property rights and copyright, and promotion of local inventive and innovative activities, as well as facilitation of access to science and technology-related information. Two subprogrammes are of particular relevance: information systems for patent offices and other concerned institutions in LDCs, and human resource development and institution-building. Special arrangements have been made for ensuring the representation of LDCs at WIPO meetings and reducing the financial burden of their participation in the organization's work.

88. The World Meterological Organization (WMO) provides assistance to the LDCs in strengthening and upgrading their national meterological and hydrologic services. These countries are of highest priority within WMO's programme of technical cooperation, and receive 75 per cent of assistance under the organization's own Voluntary Cooperation Programme.

89. With two more LDCs having become Contracting Parties to the General Agreement on Tariffs and Trade (GATT), LDC members numbered 25 by early 1993. Nine other LDCs apply GATT on a de facto basis. The Subcommittee on Trade of Least Developed Countries has kept under review the trade and payments situation of these countries and developments in trade policy measures relating to them, as well as issues under consideration in the Uruguay Round. Their situation has also been reviewed in other GATT bodies. GATT has accorded special attention to LDCs' technical assistance needs, through the organizing of a number of training events and seminars, as well as extended specific assistance to those countries in the context of regular GATT work and the Uruguay Round.

90. Within its context of technical cooperation, the International Trade Centre UNCTAD/GATT (ITC) endeavours to give special attention to LDCs, with activities focusing on export market development and seeking to identify high-impact projects capable of producing rapid results in terms of increased foreign-exchange earnings from exports and foreign-exchange savings from improved import operations and import management. ITC has formulated a draft strategy on rural-based export development and poverty alleviation. It also provides technical assistance in a number of other areas including human resources, institutional and private sector development and support to strengthen export supply and investment responses under LDCs' structural adjustment programmes.

B. Inter-agency coordination

91. The second Inter-agency Consultation on the Follow-up to the Programme of Action for the Least Developed Countries for the 1990s 26/ was convened in Geneva in June 1992. Twenty-two organizations were represented at the consultation. They reviewed follow-up arrangements at various levels as well as the implications of recent world economic developments and of the enlarged list of LDCs for the implementation of the Programme of Action, with particular focus on the financing prospects and debt situation of the LDCs.

92. Three matters were brought to the attention of ACC by the meeting with regard to the first matter, the resource situation of the LDCs, it was noted that the United Nations system had a major task to perform, inter alia, in bringing the Programme of Action to the attention of donors and ensuring adequate assistance levels and support for LDC reform programmes. It was also recommended that agencies should attempt to highlight and contribute to seeking new solutions to the issue of LDCs' external debt. It was brought out that as regards the operational activities of the United Nations system itself agencies required additional resources for the LDCs, especially in view of the addition of six new countries to the LDC list since the Paris Conference.

93. The second matter to which the inter-agency Consultation drew attention was the importance of access to resources under UNDP inter-country programmes. It was noted that many of the small technical agencies within the United Nations system gave priority attention to the LDCs within their technical cooperation activities; however, for funding their technical cooperation programmes, they depended very heavily on UNDP inter-country resources. Restricting the availability of UNDP inter-country resources for funding activities involving LDCs risked adversely affecting the level of assistance they were able to

provide the LDCs and would thus gravely threaten their ability to support those countries in the implementation of the Programme of Action within their respective fields of competence.

94. With respect to the third matter, acquired immune deficiency syndrome (AIDS) and LDC development in the 1990s, it was noted that AIDS had spread significantly in the LDCs since the adoption of the Programme of Action, and that cooperation of the entire United Nations system as well as financial and technical support from bilateral donors would be essential to help LDCs cope with the impact of the disease in the 1990s.

95. In noting the recommendations and conclusions of the inter-agency consultation, the Organizational Committee of ACC, at its meeting in October 1992, stressed the need for early action by agencies on the sectoral appraisals of progress in the implementation of the Programme of Action. Future inter-agency consultations will take place in the framework of the restructured ACC subsidiary machinery. In this respect, the Organizational Committee, at its meeting in February 1993, noted that questions relating to the LDCs would be taken up, as appropriate, by both the new Consultative Committee on Programme and Operational Questions and the Inter-agency Committee on Sustainable Development, and that arrangements would have to be made in regard to the monitoring and review at the inter-agency level of the implementation of the Programme of Action.

VII. CONCLUSIONS AND THE MID-TERM REVIEW OF THE PROGRAMME OF ACTION

96. The overall economic performance of the LDCs over the recent past is characterized by continued stagnation. However, a disaggregated analysis reveals that some of them have, contrary to the general trend, registered significant growth rates in the past few years. An even larger number have initiated policy changes that, if given adequate support, could set them on a similar development path. The experience of the relatively successful countries contrasts with that of some other LDCs, whose long-term performance reflected a range extending from stagnation to decline. The basic impetus to the good performance of the LDCs in the first group has come from a combination of factors, including appropriate policies, export expansion, effective use of external resources, better capacity to withstand the impact of short-term external shocks and natural disasters, and relatively stable social and political conditions. Almost all of the top performers among the LDCs have been on the list of LDCs from the very beginning, suggesting that with respect to these countries effective national policies supported by international action in their favour do bear fruit, but also that the gestation period is fairly long.

97. The fledgling reform process in many LDCs needs to be nurtured; in others, even more fundamental conditions for reactivating growth and development must be promoted. A significant improvement in the external environment facing the LDCs would in all cases be a critical factor in their attaining the objectives set out in the Programme of Action. Given the changes in global economic conditions that have taken place since the adoption of the Programme of Action, corrective policy action to provide the necessary external support for LDCs' reconstruction

and reform efforts must be one of the central concerns of the 1995 mid-term review of the Programme of Action.

98. The formal mandate for this review has been set out by the General Assembly in its resolution 45/206. As provided in paragraph 7 (a) of that resolution, the Intergovernmental Group on the Least Developed Countries of the United Nations Conference on Trade and Development shall meet in 1995 to carry out the mid-term review of the situation of those countries, report to the General Assembly on progress made in the implementation of the Programme of Action and consider new measures as necessary. The Trade and Development Board has made a provision for convening the Intergovernmental Group from 25 September to 6 October 1995. The Board, at the second part of its thirty-ninth session, held in March 1993, further stressed the need for adequate and timely preparations for an effective and comprehensive mid-term review, and requested UNCTAD, in collaboration with all relevant parts of the United Nations system, to undertake substantive and thorough preparations for that review.

99. Several preparatory activities are being planned for the mid-term review of the Programme of Action. These include the convening, in early 1995, of a Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial Institutions with representatives of the least developed countries, as well as expert group meetings on specific themes. Inter-agency consultations preparatory to the mid-term review are also envisaged. Finally, the review of progress in the implementation of the Programme of Action at the first part of the 1994 and 1995 sessions of the Trade and Development Board will provide further opportunities to consider preparations for the mid-term review.

Notes

1/ See Report of the Second United Nations Conference on the Least Developed Countries, Paris, 3-14 September 1990 (A/CONF.147/18), part one.

2/ See The Least Developed Countries, 1992 Report, TD/B/39(2)/10-UNCTAD/LDC (1992) (United Nations publication, Sales No. E.93.II.D.3), in particular the overview by the Secretary-General of UNCTAD and chapters I and IV. Figures on official development assistance (ODA) flows and external debt have been updated from the 1992 Report.

3/ See agreed conclusions 404 (XXXIX) adopted by the Trade and Development Board of UNCTAD on 26 March 1993, Report of the Trade and Development Board on the second part of its thirty-ninth session (TD/B/39(2)/23).

4/ See Organisation for Economic Cooperation and Development (OECD) press release SG/PRESS(93)41, 29 June 1993.

5/ See General Assembly decision 45/437 and Assembly resolution 46/206.

6/ The graduation of Botswana from the list of LDCs would not significantly affect the resource requirements of the group of LDCs. (In 1991, Botswana accounted for less than 1 per cent of total ODA to the LDCs.) In its resolution 46/206, paragraph 7, the General Assembly decided that the graduation

of Botswana from the list would be completed following a transition period of three years. According to that resolution, then, the graduation of Botswana would be completed in December 1994.

7/ See General Assembly resolution 46/206, paras. 8 and 9.

8/ Report of the United Nations Conference on Trade and Development on its Eighth Session (TD/364), part one, sect. A.

9/ See document DP/1993/18, para. 6 and table.

10/ UNDP Governing Council decision 93/18.

11/ Figures given here exclude assistance from non-governmental organizations, which also play an important role in mobilizing external resources for the LDCs. Their contribution is estimated to have risen to over $1 billion annually and constitutes the most important source of private flows to those countries.

12/ For a review of new and emerging aid conditionalities and donors' policy concerns, see The Least Developed Countries, 1992 Report, pp. 75-79.

13/ Of 26 countries covered by the Special Programme of Assistance in 1992, 23 were LDCs.

14/ Namely, the Niger and Mozambique in 1991 and Uganda in the first quarter of 1993.

15/ Mauritania and Mozambique obtained reschedulings during the first quarter of 1993, and Burkina Faso and Benin during the second quarter.

16/ For example, by Austria and the United States of America. Finland has as of 1992 broadened the scope of its GSP scheme by granting in principle duty-free entry to imports from the LDCs.

17/ See document TD/B/SCP/3.

18/ See agreed conclusions 404 (XXXIX), in Report of the Trade and Development Board on the second part of its thirty-ninth session (TD/B/39(2)/23).

19/ See document TD/362.

20/ See press release HR/VIE/40, 25 June 1993.

21/ Moreover, a Ministerial Conference on Rehabilitation and Reconstruction of Cambodia with partly similar functions, co-chaired by UNDP, took place in 1992.

22/ See, further, Report of the United Nations Conference on Trade and Development on its Eighth Session (TD/364), part one, sect. A, paras. 216-227.

23/ See documents TD/B/39(1)/15 and TD/B/39(2)/23.

24/ Summaries on individual organizations draw on replies to a questionnaire from the Secretary-General of UNCTAD on the implementation of the Programme of Action and other information provided by organizations, notably at the inter-agency consultation in June 1992.

25/ See document ACC/1992/2/Add.1, para. 18.

26/ The report of the Consultation is contained in document ACC/1992/21.

Annex

CONSULTATIVE AND AID GROUP ARRANGEMENTS, AND ROUND-TABLE ARRANGEMENTS, 1985-1993 a/

	Date of meeting
Consultative and aid group arrangements	
Bangladesh	Annual
Ethiopia	1992
Guinea	1987, 1990
Haiti b/	1986, 1987, 1988, 1990, 1991, 1992
Madagascar	1986, 1988
Malawi	1986, 1988, 1990, 1992
Mauritania	1985, 1988, 1989
Mozambique	1987, 1988, 1989, 1990, 1991, 1992
Myanmar	1986
Nepal	1986, 1987, 1988, 1990, 1992
Somalia	1985, 1987, 1990
Sudan	1987, 1988
Uganda	1987, 1988, 1989, 1991, 1992, 1993
United Republic of Tanzania	1986, 1987, 1988, 1989, 1991, 1992
Zaire	1986, 1987
Zambia	1986, 1988, 1990, 1991, 1992, 1993
Round-table arrangements	
Afghanistan	c/
Benin	1992
Bhutan	1986, 1988, 1992

	Date of meeting
Burkina Faso	1991, 1993
Burundi	1989, 1992
Cape Verde	1986, 1992
Central African Republic	1987, 1991
Chad	1985, 1990
Comoros	1991
Djibouti	c/
Equatorial Guinea	1988
Gambia	1990, 1992
Guinea-Bissau	1988
Kiribati	c/
Lao People's Democratic Republic	1986, 1989, 1992
Lesotho	1988
Liberia	c/
Maldives	1986, 1989, 1991
Mali	1985
Niger	1987
Rwanda	1992
Samoa	1986, 1988, 1990
Sao Tome and Principe	1985, 1989, 1992
Sierra Leone	1993 d/
Solomon Islands	1988
Togo	1985, 1988

	Date of meeting
Tuvalu	1991
Vanuatu	1988
Yemen	1992

Source: UNCTAD secretariat, based on information from UNDP and the World Bank.

a/ Meetings held up to the end of June 1993 (meetings held after the adoption of the Programme of Action in September 1990 are underlined).

b/ Member of the Caribbean Group for Cooperation in Economic Development.

c/ No meetings held.

d/ Donors' meeting in June 1993.